

No. GL 19/2016

Aug 15th, 2016

Subject: Clarification for the operating result of Q2/2016

Attention: The President

The Stock Exchange of Thailand

Duplicate: The Secretary General

The Securities and Exchange Commission

Group Lease Public Company Limited would like to clarify the operating result of Q2/2016 as at 30 June 2016 for the consolidated and separate financial statements as follow:

Separate Financial Statements

Net profit of Q2/2016 increased from Baht 81.72 million to Baht 126.60 million, representing increased by Baht 44.88 million or 54.92% compare to same period of last year, which are resulted from the major factors as follow:

1. The hire-purchase interest income decreased by Baht 38.50 million or 11.44% yoy to Baht 297.98 million in 2Q/2016 from Baht 336.48 million in Q2/2015 as total portfolio in Q2/2016 slightly decreased by Baht 538.94 million from Q2/2015. This is the result of a company's strategy from 2013th. The strategy is 'Stability and Quality in Stable Thailand Motorcycle market, Growth and Creation in Emerging consumers. Strict policy on application screening cause decrease on portfolio in Thailand a significant improve on the quality of portfolio.
2. Other incomes increased from Baht 111.91 million to Baht 140.09 million, representing increased by Baht 28.18 million or 25.18%, mainly from the higher interest income from subsidiaries for supporting of the growth portfolio in foreign countries.
3. Service and administrative expenses slightly rose Baht 11.56 million or 10.46%, due mainly to support rapid and continuous business expansion in foreign countries.
4. During the second quarter of 2016, GL set bad debts and doubtful accounts of Baht 64.20 million, a decrease of Baht 33.88 million or 34.54% compare to same period of last year, relating to a decreasing of GL's portfolio as well as reflecting the improvement of the quality of the portfolios and the enhancement of loan collection process.
5. Loss on disposals of asset was Baht 51.06 million, decreasing Baht 20.60 million or 28.75%, as a result of higher market price of second-hand motorcycles and more efficient in controlling risk from loss in sales of foreclosed assets.
6. Finance cost was Baht 42.25 million, decreasing by Baht 23.65 million, or 35.88%, compared to Baht 65.90 million in Q2/2015. As for interest-bearing debt has decreased from Baht 4,973.14 million in Q2/2015 to Baht 3,276.97 million in Q2/2016 as well as the average cost of funding has slightly decreased from 5.63% to 5.40%.

Consolidated Financial Statements

GL PCL announced reviewed operating results for the second quarter of 2016, with a record consolidated net profit of Baht 255.85 million, a 97.61% yoy increase of Baht 126.38 million from the 2Q 2015 net profit. The increase in net profit was mainly the result of the higher hire purchase interest income, higher asset-backed interest income, higher interest on loan receivables and lower Credit cost

1. GL's consolidated Hire purchase interest income was Baht 492.28 million, increasing Baht 20.80 million or 4.41%, due mainly to an increase of interest income from the subsidiaries in Cambodia and Laos by Baht 74.93 million and Baht 20.00 million respectively, in tandem with rising loan volume. However, an increase was partially offset by decreasing in interest income from GL and from local subsidiary by Baht 38.50 million and Baht 35.64 million respectively. This is in line with company's policy from 2013th. The business model is "Digital Finance". The strategy is 'Stability and Quality in Stable Thailand new Motorcycle, Growth and Creation in Emerging countries and Emerging consumers. Because of this strategy to expand the portfolios of the subsidiaries in foreign countries and/or new type of products which have higher growth opportunities and lower NPL which represents the new business model of GL, namely "Digital Finance".

2. Asset-backed interest income increased Baht 25.62 million, totally from the Thai new subsidiary made new business expansion successfully.

3. Interest on loan receivables increased Baht 115.72 million which is related to "supplier side income" which came from several products suppliers. GL's subsidiaries provide Business Expansion Solution service and Financial Support to the distributors who want to expand their sales to the countries where GL's subsidiaries existing. The new business model of GL group "Digital Finance" generates these types of incomes in addition of the Hire purchase income.

4. GL's consolidated other income has decreased significantly from Baht 133.64 million to Baht 69.27 million representing decreased by Baht 64.38 million or 48.17% resulting from a decrease in interest income by Baht 4.40 million, a decrease in consulting service fee income of Baht 16.55 million, a decrease in other income related to the activities of hire purchase of Baht 11.29 million and a decrease in other income of Baht 32.13 million.

5. GL's consolidated service and administrative expenses totaled Baht 217.31 million, increasing by Baht 32.85 million or 17.81% when compared to the same quarter of previous year. Increasing of expenses was the investment expense made by company's strong and strategical intention to expand its new business to the world.

6. GL's consolidated bad debts and doubtful accounts which comprised of bad debts and allowance for doubtful accounts was set aside lower compared to the same period of last year decreases by Baht 29.70 million or 26.38% relate to better quality of the portfolio. There are two reasons why the quality of the portfolio had improved. Firstly, the foreign and new business portfolio with less bad debt significantly increased. Secondly, the original business in Thailand using more strict policy on credit approval and improvement on debt follow up process. The business in Cambodia and Laos are continually growing with very low percentage overdue because of the highly effective Approval, Screening, and Collection system in newly and originally developed in Cambodian subsidiary under 'Digital Finance' business model.

7. There were a decrease in loss on disposals of asset foreclosed from Baht 82.16 million to Baht 52.37 million representing decreased by Baht 29.79 million or 36.26%, which resulted from a gradually increasing market value of asset foreclosed and increasing of repossession units relate to the hire-

purchase portfolio expansion. Additionally, no loss on disposals of foreclosed asset was recorded from subsidiaries in foreign countries. When compared ratio between the loss on disposals of foreclosed assets and the hire purchase receivables for Q2/2016, the ratio was only 0.78% decreased from Q2/2015 which was 1.28%.

8. GL's consolidated finance cost was Baht 45.65 million, decreasing by Baht 22.58 million, or 33.10%, compared to Baht 68.24 million in Q2/2015. As for interest-bearing debt has decreased from Baht 5,077.32 million in Q2/2015 to Baht 3,388.03 million in Q2/2016 as well as the average cost of funding has slightly decreased from 5.73% to 5.58%.

Please be informed accordingly.

Yours sincerely,

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(Mr. Tatsuya Konoshita)

Director